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DEPARTMENT OF COMMERCE

U.S. Census Bureau

Proposed Information Collection; Comment Request; Annual Survey of Business Owners

AGENCY: U.S. Census Bureau, Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

DATES: To ensure consideration, written comments must be submitted on or before (insert date 60 days after date of publication in the FEDERAL REGISTER).

ADDRESSES: Direct all written comments to Jennifer Jessup, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6616, 14th and Constitution Avenue, NW, Washington, DC 20230 (or via the Internet at jjessup@doc.gov).

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies

of the information collection instrument(s) and instructions should be directed to Patrice Norman, U.S. Census Bureau, EWD, 6K071, Washington, DC 20233-6600, (301) 763-7198, Patrice.C.Norman@census.gov.

SUPPLEMENTARY INFORMATION

I. Abstract

The Census Bureau plans to conduct the Annual Survey of Business Owners (ASBO) for employer businesses. In the ASBO, respondents will be asked questions about their businesses as well as several questions about the gender, ethnicity, race, and veteran status of the principal owner(s). This survey will be the first annual collection of information on the characteristics of U.S. businesses by ownership categories, i.e., by gender, ethnicity, race, and veteran status. The survey will be conducted as a joint project with the Ewing Marion Kauffman Foundation, a Missouri nonprofit corporation and a private foundation exempt from taxes under Section 501(c)(3) of the Internal Revenue Code. The ASBO will supplement the five-year Survey of Business Owners program and provide more timely updates on the status, nature, and scope of women-, minority-, and veteran-owned businesses. The ASBO statistics will be used by government program officials, industry organization leaders, economic and social analysts, and business entrepreneurs. Examples of data uses include:

- To assess business assistance needs and allocate available program resources.
- To establish and evaluate contract procurement practices affecting small and disadvantaged businesses.
- To create a framework for planning, directing, and assessing programs that

promote the activities of disadvantaged groups.

- To assess minority-owned businesses by industry and area and to educate industry associations, corporations, and government entities.
- To analyze economic and demographic shifts and differences in ownership and performance among geographic areas.
- To analyze business operations in comparison to similar firms, compute market share, and assess business growth and future prospects.

The ASBO will be based on the quinquennial 2012 Survey of Business Owners long form (SBO-1) with 19 additional questions, including a set of questions on the sources of capital used for expansion, which will be asked each year, and a rotating panel of questions that will be determined prior to data collection each year. Each year the new panel of questions will be submitted to the Office of Management and Budget (OMB) as a revision to the current data collection's OMB approval. The following changes will be made to the 2012 SBO:

- An additional question on where the business's customers are located in relation to the business.
- An additional question on the reasons for owning the business.
- An additional question on whether the business had profits, losses, or broke even.
- An additional question on where the owner would like the company to be in five years.
- An additional question on issues that have negatively impacted the profitability of the business.
- The question on what sources of capital were used for expansion or capital improvements to the business during the reference year has been expanded into seven

questions. The new questions ask:

- The total amount of money put into the business in 2014.
 - The total amount of money that the owner personally put into the business.
 - The total amount of money received from family, friends, and employees that was put into the business.
 - The total amount of money received from any formal debt financing from a bank or other financial institution, a business credit card carrying a balance, or a business line of credit.
 - The total amount of financial capital received from angel investors, venture capitalists, or other businesses in return for a share(s) of ownership in the business.
 - What types of funding the owner tried to get and whether or not the owner received the funds.
 - Whether the business needed financing but did not apply and why the business did not apply.
- The 2014 ASBO's rotating panel of questions will focus on Innovation and Research and Development and is modeled after questions asked on the Microbusiness Innovation Science and Technology Survey (MIST). The National Science Foundation (NSF) is currently conducting a pilot for the MIST during 2015. The sample size is limited to 4,000 businesses and only covers the manufacturing and professional and technical services industries. Expanding the ASBO to include these questions will significantly increase the industry coverage by including all NAICS industries except 111, 112,

481111, 482, 491, 525, 813, 814, and 92. This section will consist of eight questions that will only be asked on the 2014 survey. A new set of questions will be asked on the 2015 survey. The 2014 new questions consist of the following:

- During 2014, were any of the following improvements made to the goods and/or services sold by this business:
 - Sold a new good or service that no company has ever offered before.
 - Sold a new good or service that your company has never offered before.
 - Improved good's performance by making changes in materials, equipment, components, or software.
 - Developed a new use for a good or service.
 - Added a new feature to a good or service.
 - Made it easier for customers to use a good or service.
 - Don't know.
 - Did not make any innovations to the goods and/or services sold by this business.
- During 2014, were any of the following improvements made to the production processes used by this business?
 - Applied a new way of purchasing, accounting, computing, maintenance, inventory control, or other support activities.
 - Reduced costs by changing the way a good or service was distributed.
 - Upgraded a technique, equipment, or software to significantly improve a good or service.

- Made a significant improvement in a technique or process by increasing automation, decreasing energy consumption, or using better software.
 - Decreased production costs by improving the materials, software, or other components.
 - Changed a delivery method to be faster or more reliable.
 - Don't know.
 - Did not make any improvements to the production processes used by this business.
- Did this business conduct any of the following research and development activities in 2014:
- Conducted work that might lead to a patent.
 - Developed and tested prototypes that were derived from scientific research or technical findings.
 - Produced findings that could be published in academic journals or presented at scientific conferences.
 - Applied scientific or technical knowledge in a way that has never been done before.
 - Created new scientific or technical solutions that can be generalized to other situations.
 - Conducted work to discover previously unknown scientific facts, structures, or relationships.
 - Conducted work to extend the understanding of scientific facts, relationships or principles in ways that could be useful to others.

- What was the total cost paid for research and development activities?
- How much of the total cost was used for research and development activities performed by this business?
- How much of the cost for research and development performed by this business was spent on the following:
 - Employee payroll.
 - Equipment purchases.
 - Software and licensing purchases.
 - Other expenses.
- How much of the cost for research and development performed by this business was paid for by the following:
 - This business.
 - Another U.S. business.
 - U.S. college or university.
 - U.S. nonprofit organization.
 - U.S. federal government.
 - U.S. state or local government.
 - Other.
- How many of each type of worker worked on the research and development activities:
 - Owners.
 - Paid employees.

- Other paid workers.
- Unpaid workers.

Businesses which reported any business activity on any one of the following Internal Revenue Service tax forms will be eligible for selection: 1040 (Schedule C), “Profit or Loss from Business (Sole Proprietorship)”; 1065, “U.S. Return of Partnership Income”; 941, “Employer’s Quarterly Federal Tax Return”; 944, “Employer’s Annual Federal Tax Return”; or any one of the 1120 corporate tax forms. Current plans will only request responses from businesses filing the 941, 944, or 1120 tax forms. Estimates for businesses filing the 1040 or 1065 tax returns will be created using statistical modeling of administrative data and will only provide data by race, gender, ethnicity, and veteran status by geography, industry, and size of firm.

We will seek separate clearance from OMB to test our proposed ASBO questionnaire. We intend to conduct cognitive interviews with between 15 and 20 businesses in two rounds. Cognitive interviews will begin in January 2015 and will continue through March 2015. Upon completion of each round of interviews, the interview team will meet and decide on the recommended changes to the questionnaire. The questionnaire will be revised after each round and the interview protocol updated to reflect the new version of the questionnaire. We will also conduct usability testing of the electronic instrument. We intend to conduct interviews with between 10 and 12 businesses in two rounds. These interviews will be conducted in July 2015.

The 2014 data collection of the ASBO will begin in September 2015 and will continue through January 2016. The 2015 data collection will begin in June 2016 and will continue through September 2016 and the 2016 data collection will begin in June 2017 and will continue through September 2017.

II. Method of Collection

The Census Bureau will use a letter-only mailout with an electronic-only data collection. The mailout will be conducted from our National Processing Center in Jeffersonville, Indiana. Two mail follow-ups to nonrespondents will be conducted at approximately one-month intervals.

III. Data

OMB Control Number: 0607-XXXX (this is a new collection).

Form Number(s): ASBO-1, Annual Survey of Business Owners.

Type of Review: Regular submission.

Affected Public: Large and small businesses.

Estimated Number of Respondents: 200,000.

Estimated Time Per Response: 35 minutes.

Estimated Total Annual Burden Hours: 116,667.

Estimated Total Annual Cost to Public: \$0.

Respondent's Obligation: Mandatory.

Legal Authority: Title 13 U.S.C. Sections 8(b), 131, 193, and 224.

IV. Request for Comments

Comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including

hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: February 5, 2015

Glenna Mickelson,

Management Analyst, Office of the Chief Information Officer.

BILLING CODE: 3510-07-P.

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